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SUBJECT: TURKMENISTAN-TO-HUNGARY NATURAL GAS: ALMOST A
DONE DEAL?

REF: A. GAUDIOSI-HOAGLAND E-MAIL DTD 02/11/08

[1](#)B. ASHGABAT 0211

[1](#)C. STATE 13144

[1](#)D. BUDAPEST 0124

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

[1](#)1. (S) On February 12, Charge met with Polish Ambassador Maciej Lang and, separately, EU-TACIS Adviser Michael Wilson (strictly protect both throughout). Wilson was the initial source of the documentary evidence that negotiations are far advanced for Hungarian company Millander International Ltd. to play middle-man to procure for a period of 30 years 10 bcm/yr of Turkmenistan's natural gas for delivery to Hungary.

[1](#)2. (S) According to Lang, the only outstanding part of the deal is for RosUkrEnergo to transit the gas through Ukraine. Most of the Government of Hungary may be in the dark about the deal because Millander is dealing directly with MOL and, possibly, with only one or two insiders in the Hungarian government. Lang alleged that the Kremlin has approved this deal on behalf of Gazprom and that it has been approved at the highest level in Ashgabat for an appropriate pay-off. In the September 2007 letter from Turkmengaz General Manager Yakshigeldi Kakayev to Millander General Manager Jozsef Kalman, Kakayev wrote, "I confirm that we are ready to sell your company 10 billion m3/year Turkmenian natural gas from 1 January 2008 for a 30 years period...based on the purchase price fixed in the sales contract." According to Wilson, Kakayev wouldn't dare sell even one cubic meter of gas without Berdimuhamedov's explicit approval.

[1](#)3. (S) Lang added that the Hungarian government delegation that visited Ashgabat at the beginning of December 2007 "definitely discussed gas deliveries," and that the

delegation was cobbled together on short notice and approved in Ashgabat in record time, even though Hungary does not have an embassy in Turkmenistan.

14. (S) Lang is especially outraged about the putative role of RosUkrEnergo. Both he and Ukrainian Ambassador Viktor Mayko claim that RosUkrEnergo is essentially the same as its predecessor EuralTransGaz, with the same owners, beneficiaries, and shady contacts, all leading back to Gazprom. Lang noted that a current scandal in Warsaw is an expose about former Polish Government officials whom EuralTransGaz paid off for a deal very similar to the one Millander is seeking with Turkmenistan. Without proof, Lang alleged Millander is a stalking horse for Gazprom. The goal? To tie up more of Turkmenistan's gas so that Nabucco will be disadvantaged. In a January 29 e-mail from Jozsef Kalman to Michael Wilson, Kalman writes, "I want to go to Turkmenistan to sign the sales contract with Turkmengaz ... because we can (then) sign the Transit Agreement with Gazprom in February 2008."

15. (S) Wilson added additional information. The European Commission (EC) is fully aware of the Turkmenistan delegation, led by Deputy Chairman for Oil and Gas Tachberdi Tagiyev and including State Hydrocarbon Agency Director Byrammurat Muradov, going to Brussels February 14-17. This supposedly strictly bilateral (Turkmenistan-Kingdom of Belgium) delegation was very hastily arranged, and the EC has allowed "no member state to have a single snippet of information" about the agenda. The EC is keeping everyone in the dark," Wilson alleged. According to Wilson, Turkmenistan has cut its embassy in Brussels (bilateral, EU, NATO) out of the loop, except for meet-and-greet at the airport. All

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schedule arrangements are being made by the just-appointed Honorary Consul of Turkmenistan in Brussels, ENNEX chief Koen Minne, who hosted the business meetings for President Berdimuhamedov when the president visited Brussels in November 2007. Wilson speculates all the Millander-deal principals might meet in Brussels to hammer out final details and perhaps even sign the agreement.

16. (S) Wilson said Turkmenistan Foreign Minister Rashid Meredov in fact has the full documentary package about the Millander deal that Embassy Ashgabat forwarded by e-mail to the Department and to Embassy Budapest, because Wilson himself passed it to Meredov o/a January 30 at the request of Millander International President Jozsef Kalman. (NOTE: This would cast Charge's February 11 conversation with Meredov (reftel B) in a rather different light. An intergovernmental agreement between Turkmenistan and Hungary might not be necessary if the deal is actually with MOL. END NOTE.)

17. (S) According to Wilson, former OSCE Ambassador to Turkmenistan, Istvan Venczel, currently the "representative of EBES" (NFI) in Tashkent, is also trying to facilitate contacts between Millander and the top levels of the Government of Turkmenistan. As a third facilitation channel, Wilson says, Millander is using the Hungarian Embassy in Tehran, information Wilson confirmed at the Iranian National Day reception in Ashgabat the evening of February 11.

18. (S) COMMENT: While we cannot confirm much of this information, we find a fair amount of it credible, especially because it is consonant with the non-transparency of former-Soviet business deals. We would suggest the Department might want to consider authorizing a separate demarche in Kyiv. END COMMENT.
HOAGLAND